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PROTECTIONISM AND STRUCTURAL ADJUSTMENT

Information provided by States members of UNCTAD for the annual review by the Board on protectionism and structural adjustment

Note by the UNCTAD secretariat

Addendum

Since the preparation of TD/B/1283 the attached information has been received from Morocco and the Philippines. The terminology used is that of the original source.

GE.91-50175

READEX
FICHE

1. MAROC

(Original: FRANÇAIS)

A. Modifications apportées au régime commercial

Dans le cadre du programme d'ajustement structurel de l'économie, le processus de libéralisation du commerce extérieur a été poursuivi au cours de la période 1989-1990 ainsi que la mise en place d'une protection tarifaire au lieu de la protection contingentaire.

1. Régime commercial en 1989

Au titre du Programme général des importations pour l'année 1989, la libéralisation a concerné les produits suivants:

- produits d'origine animale
- produits agricoles
- préparations alimentaires
- vêtements en cuir
- articles en fonte de fer ou en acier
- machines à coudre, à scier, pour le ponçage
- moteurs électriques
- meubles et articles de literie.

2. Régime commercial en 1990

Le Programme général des importations pour l'année 1990[1] a établi des nouvelles dispositions relatives à la procedure d'importation et étend le principe de libéralisation pour les produits suivants:

- légumes frais
- graines oléagineuses de semence et leurs dérivés
- conserves de poissons
- jus de fruits, limonades et eaux gazeuses
- alcools
- produits issus de la minoterie
- ciment Portland
- savons
- articles en bois
- ouvrages de vannerie
- tissus de soie
- feutres
- articles confectionnés (gants, bas, maillots de bain, imperméables et manteaux)
- lingerie
- chaussures autres qu'en cuir
- articles en céramique
- fil de fer, d'acier
- pièces pour véhicules de génie civil

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[1] Le Gouvernement du Maroc a fait parvenir au secrétariat un exemplaire du Programme général des importations pour l'année 1990 établi par le Ministère du commerce extérieur du Royaume du Maroc. Le secrétariat tient ce document à la disposition des délégations intéressées pour consultation.

- matériel agricole
- motocycles et vélocipèdes
- fermetures et leurs parties

B. Modifications apportées au régime tarifaire

Dans le cadre de la refonte du système de protection nationale et l'harmonisation des droits de douane, le tarif douanier marocain a subi des modifications importantes en 1989 et 1990.

C. Arrangements et accords conclus en 1989/1990

Pays	*Nature de l'accord*	*Date de signature*
Jamahiriya arabe libyenne	Convention commerciale et tarifaire	29 Juin 1990
Algérie	Convention commerciale et tarifaire	14 Mai 1989
Rep. de Guinée	Protocole sur les échanges commerciaux	14 Sept. 1990
Koweit	Convention de coopération économique et commerciale	25 Juin 1989
Qatar	Accord économique et commercial	27 Février 1990
Hongrie	Accord commercial	23 Nov. 1989

2. PHILIPPINES

(Original: ENGLISH)

I. DEVELOPMENTS IN INTERNATIONAL TRADE

Developments on the structural adjustment policies in 1988-1989 are carry-overs of the new economic policy launched by the Aquino Administration in 1986.

"Opening up" is how one can describe the regime of economic reforms. Import liberalization, which covers both tariff and non-tariff measures, export orientation, agrarian reform, promotion of investments and deregulation of the banking sector with a view to improving the balance of payments situation are the basic thrusts of the new economic policy.

A. Changes in trade regime, laws, regulations and procedures

A medium-term structural adjustment programme, consisting, *inter alia*, of import liberalization (which covers tariff and non-tariff measures) dates as far back as the previous administration. The first phase of the import liberalization programme was implemented in January 1981 and completed in April 1986 with the lifting of quantitative restrictions on over 2,000 items. In 1983, however, the full implementation of the structural adjustment programme was derailed by the worldwide economic recession. On the domestic front, this was aggravated by the political and economic crisis which gave way to a balance-of-payments (BOP) crisis in 1983 until a change in the political administration in February 1986.

The confidence in the economy brought about by the Aquino Administration gave way to another series of tariff reforms. The first phase was completed at the end of April 1988. At this point, the proportion of regulated items to total number of the Philippines Standard Commodity Classification (PSCC) lines decreased to 12 per cent as compared to 36 per cent in 1980.

For the second phase of the Import Liberalization Program (ILP), 673 items were proposed for the removal of non-tariff measures. These are classified into: (a) List A (104 items) - those for immediate liberalization; (b) List B (455 items) - those for further review; and (c) List C (116 items) - those for continued regulation for reasons of health, safety and national security. The second phase of the ILP was initiated with the liberalization of 94 items from List A in December 1988. In 1989, a total of 131 items from List B were liberalized while another 45 items from this set is scheduled for liberalization by June 1990. In accordance with its commitment to the IMF through the Memorandum of Economic Policy (MEP) submitted in March 1989, the Philippine Government has until end-1994 to replace by tariffs the quantitative restrictions on the remaining items in the regulated list other than those for continued regulation.

Other trade policy reforms include the elimination of the coconut and sugar trading monopolies, the abolition of the meat importation cartel, the turning of wheat, flour and soybean trading over to the private sector, the breaking up of the fertilizer cartel and the removal of export taxes on all agricultural products.

B. Measures of economic policy with an impact on international trade

The BOP deficit stood at $US330 million during the first ten months of 1989 as compared to the $US144 million surplus during the same period in 1988. The 1989 figure is inclusive of rescheduling without which the BOP would have reached $US1.352 billion. In view of the worsening BOP situation, the Government has devised a 6 point plan of action, the thrust of which is to have (1) a viable external payments position, and (2) a manageable external debt.

The plan of action is as follows:

(a) Continued promotion of exports, particularly non-import-dependent goods.

(b) Encouragement of foreign investments, particularly in high value added, export-oriented

and employment-creating activities.

(c) Implementation of a foreign exchange policy that is competitive. A flexible exchange rate policy shall be implemented. There shall be no intervention in the interplay of market forces except to smoothe out short-run and cyclical fluctuations.

(d) Procurement of external assistance for development projects.

(e) To maintain international reserves at a level equivalent to 3 months of imports of goods and services.

(f) Adoption of a growth-oriented debt management strategy. The Government would work for a reduction in net resource transfer to creditors, so that reserves would be available for productive endeavors. This would be done through:

(i) Multi-year rescheduling agreements;
(ii) Continued negotiations for better terms and conditions;
(iii) Other forms of innovative but market dictated debt relief options shall be explored, such as conversion of debts into grants.

1. Promotion of exports and investments

Export promotion and development remain a priority concern of the Government. Intensified efforts are geared towards the development and promotion of world competitive products which: have a high level of indigenous raw material content; are produced outside the National Capital Region; have high backward linkages and high value added content in terms of skills and capital so as to achieve greater foreign-exchange earnings and create more impact on employment. Market development efforts are also being directed to countries with which the Philippines has chronic trade deficits, to non-traditional markets with high purchasing power and to markets in which the country's exports already have an established foothold. In addition, non-quota countries, the socialist and centrally-planned economies and the country's Asian neighbours are being explored as possible markets for Philippine products. Likewise, proactive international bilateral and multilateral negotiations as well as intensified promotion and selling of Philippine products and services to target buyers and potential investors are actively being pursued to improve market access.

Complementing these activities is the pursuit of export enterprise development which focuses on the provision of up-to-date information and technical assistance, and product development to improve competitiveness and export readiness of exporters and would-be exporters in specific product lines for specific markets. Moreover, efforts are also being undertaken to develop stable planning horizons within which the Philippine exporters are to operate. These include among others, further simplification of export and import procedures, access to export financing on best possible terms, raw material supply/sourcing, and review of duties on critical raw material inputs of export-oriented industries.

In consideration of the above, the Department of Trade and Industry has devised a National Export Strategy embodying the Government's policies on the following:

(a) export product;

(b) export market;

(c) export enterprise development;

(d) market access; and

(e) foreign investment.

The export strategy in the medium term (1989-1992) has the following objectives:

(i) Export environment development;
(ii) Export market development; and

(iii) Export enterprise development.

The aforementioned National Export Strategy, formulated by the Department of Trade and Industry, was attached as an annex to the Philippines reply to the Secretary-General's request for information.[2]

2. Investments

Investments, on the other hand, continue to be encouraged in employment-generating, export-oriented, agro-based and import substituting industries where the country has comparative advantage and where productive capacity is inadequate. Emphasis is given to the improvement of the general business climate through the following measures, namely privatization of government corporations engaged in business, appropriate tariff protection, proper import valuation, provision of information, communication and infrastructure facilities and simplified investment registration procedures. Likewise, the incentive system is continuously being reviewed and improved in line with the principles of actual and potential comparative advantage and efficient investment allocation.

Cognizant of the crucial role of foreign capital in economic growth, the Government is continuously pursuing efforts to attract foreign investments especially in export enterprises to supplement limited domestic capital. Foreign investments continue to be encouraged particularly in activities that pave the way for the desired transfer of technology and access to foreign markets with emphasis on facilitating entry of foreign investments.

In view of the above, monetary and fiscal policies shall be implemented to support the Government's investment promotion measures.

3. Monetary policy

Interest rates will continue to be determined by market forces. The financial programme is expected to result in a gradual decline in interest rates on loans and on public sector securities as a result of the financial sector reforms and lower domestic financing of the fiscal deficits. However, the general level of interest rates is expected to remain positive in real terms.

4. Fiscal policy

The public savings target will be achieved through measures designed to improve resource mobilization while containing current expenditures as a share of GNP. Expenditures shall be increasingly directed towards maintenance and operating expenditures as well as the provision of social services for the less privileged. Interest payments are projected to decline steadily as a share of GNP due to lower deficits and a gradual fall in domestic interest rates.

Another feature of the Government's fiscal policy is financial intermediation. In support of the comprehensive reforms being carried out to rationalize the financial system, the monetary authorities have adopted policies and initiated measures which will pave the way for the following:

(1) reorientation of financial activities toward market-oriented operations;
(2) development of long-term credit market; and
(3) strengthening of the banking industry.

As a general principle, the Government has affirmed its intentions to foster the widest possible competition in the delivery of credit and to continue the market-oriented determination of

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2 This annex is available at the secretariat for consultation by interested delegations.

on-lending rates for all credit programmes for which funds have already been obtained or guaranteed by the Government. Specific steps are already being implemented to remove direct Government involvement in the allocation of financial resources through eventual transfer of virtually all existing credit programmes -e.g. APEX and IGLF- to financial institutions other than the Central Bank (CB). In response to concerns about the existence of regressive taxes which may contribute to the cost of financial intermediation, the Government has indicated its intention to phase out, over the medium term, the Gross Receipt Tax on Financial Institutions and the Withholding Tax on interest income on Interbank Deposits in a manner consistent with the Government's tax revenue targets. To induce further competition, the opening of new branches in the rural areas will be allowed. In addition, the requirement to purchase government securities as a condition to opening new branches of domestic banks has already been lifted. The establishment of new domestic banks in the future shall also be allowed, including those resulting from mergers or consolidation of weak banks with the Central Bank determining the qualifications which shall not be limited to existing requirements and guidelines.

The absence of a credit market catering to long-term financial needs of small and medium-scale industries is being addressed through the Government's on-lending of long-term fixed-rate funding to financial intermediaries, with the Government further minimizing uncertainty by assuming the foreign-exchange risk. The monetary authority is also pursuing amendments to legislative provisions which inhibit financial institutions from extending loans with longer tenure because of risk of losses arising from legal restrictions on recovery of credit exposure. To develop the channelling mechanism for long-term credit, the Development Bank of the Philippines (DBP) which is envisioned to serve as a major conduit of Government-sponsored industrial loan programmes, is being restructured and transformed into a wholesale bank.

Another item being addressed by financial reforms is the need for a long-term capital credit market. In response, the Government has made moves to strengthen the banking sector with the support of a policy loan from the World Bank. Other aspects of the capital market are currently being reviewed with the help of Asian Development Bank, with the objective of deepening the capital market, including the stock market, and developing financial instruments. The Department of Finance's experience demonstrates that modifications will have to be made after careful study and deliberation. In the meantime, external sources for long-term funding are being tapped not only to finance major projects of the public sector but also to improve the maturity structure of the Government's outstanding debt. This approach is also necessitated by current conditions for external resources which in a number of cases have to be coursed through the Government even if they are intended for use by the private sector.

The Government is promoting the development of a domestic capital market which can mobilize domestic savings in order to meet long-term funding requirements of both the private and public sectors. The lack of depth and sophistication in the domestic capital market has been a major constraint on both the public and private sectors' ability to obtain long-term funding for investments and other expenditures. Hence, the country has had to look to external sources for funding of external projects. Current market conditions require the Government to play an active role in channelling externally sourced funds to the private sector. The Government is currently developing a plan for the deepening and strengthening of the domestic capital market with a view to reducing, over time, the current reliance on external assistance to meet critical needs.

To strengthen the banking system, the moneraty authorities have sough greater flexibility and regulatory powers through the reinforcement of the legal framework for bank supervision. This includes the revamp of laws and regulations governing CB emergency loans criteria for bank receivership, insider loans, and civil penalties for wrong-doing in order to take corrective actions on problem banks in a more timely fashion. The consolidation or merging of weak commercial banks with high operating costs will also be encouraged. In conjunction with the objective of strengthening the system, the Government will promote credit in the rural areas by providing more stable commercial banks with incentives to establish branches in these locations, preferably through absorption of weak banks. Restraint on the part of monetary authorities in extending assistance to troubled financial institutions for unduly long periods shall be observed. In the process of consolidation, diffusion of equity is to be monitored to avoid the concentration of ownership among a few. Improved arrangements for depositor protection will be obtained through the enlarged role of the Philippine Deposit Insurance Corporation (PDIC), which will be strengthened financially and institutionally and empowered to act as the liquidator of failing banks.

5. Agriculture

In recognition of the agriculture's importance to the economy, the Government is to improve rural productivity, incomes and welfare. This shall be done through (i) removal of unncessary and costly interventions that have served as disincentives to producers; (ii) improvement of farmer's access to land, technology and market infrastructures; (iii) provision of employment opportunities for landless wage earners; and (iv) rationalization of Government agencies in the agricultural and rural sectors.

In particular, policy reforms in agriculture cover:

(1) Dismantling of sugar and coconut monopolies and lifting of the copra export ban;

(2) Abolition of the sugar monopoly and creation of the Sugar Regulatory Administration;

(3) Disbanding of the meat importation monopoly with the abolition of the PHILBAI Corporation;

(4) Opening up of wheat and soybean meal importation to the private sector with the withdrawal of the National Food Authority's (NFA) exclusive license to import these commodities;

(5) Increased competition in the importation of fertilizer with the breaking up of the fertilizer cartel;

(6) Removal of export taxes on agricultural products, except logs;

(7) Exemption of agricultural input from Value Added Tax (VAT);

(8) Implementation of rehabilitation programme for rural banks and savings mobilization;

(9) Retention of tax and duty incentives for inputs not domestically produced;

(10) Expansion of the coverage of the insurance programme and guarantee programme through the Comprehensive Agricultural Loan Fund (CALF);

(11) Marketing support in the form of improving market access to storage and post harvest facilities, provision of rural market infrastructure, continued support prices for palay and corn, promotion of market development and organization;

(12) Implementation of the Comprehensive Agrarian Reform Program (CARP) under RA 6657 which stipulates agrarian reform in all private and agricultural lands, regardless of tenurial arrangement and commodity produced.

To support the CARP, the Government would strengthen complementary programmes on the following:

(a) Extension services;

(b) Credit/infrastructure support;

(c) Expedition in the resolution of conflicts and issues in land titling, registration, land disputes and ownerships;

(d) Assistance in specific investment opportunities;

(e) Alternative employment for land-owners affected by agrarian reform.

To ensure the success of the programme, the Government shall strengthen the institutional capacity of agencies involved in the implementation of the CARP. These are in the following areas:

(a) Co-operative system of production, processing, marketing, distribution, and credit services;

(b) Institutionalization of partnership between the Government and farmers' organizations;

(c) Institutionalization of people's organizations;

(d) Utilization of NGO's for greater productivity.

C. Summary of changes in tariffs and tariff preferences

With regard to tariffs, the country undertook a review of the existing tariff structure with a view to establishing a rational tariff structure more supportive of and consistent with the country's development objectives. One of the objectives of the Tariff Reform Program (TRP) was to narrow the dispersion in tariff rates from the range of 5 to 100 per cent to the range of 10 to 50 per cent. The programme started in 1980 and was conducted through a four-phase programme ending in 1985. With the general tariff reduction that followed, the overall average nominal tariff before 1981 of 42.6 per cent covering 1,301 tariff lines and 10 tariff levels was reduced to 28.03 per cent consisting of 1,403 tariff lines and 8 tariff levels by 1985. This figure made the country's average nominal tariff closer to the ASEAN average nominal tariff rate of 24.77 per cent in 1985.

After the new Philippine administration took over in 1986, an inter-agency committee to review and create guidelines for tariff setting was formed - the NEDA Board Committee on Tariff Related Matters (TRM). The Committee came up with a set of guidelines for tariff setting such as degree of processing, availability of local production or substitutes, comparative advantage, effective protection rate, as well as political and social impact. The guidelines, however, lowered the minimum rate to 5 per cent and, in extremely meritorious cases, even down to zero per cent.

Currently, however, the Government is initiating moves to review the existing tariff structure and tariff guidelines with a view to achieving more uniform and sector-neutral tariff rates.

D. Actions regarding non-tariff measures

1. Quantitative restrictions and restrictive licensing

Quantitative restrictions in the Philippines usually take the form of import licensing. This is included in the Philippines' list of non-tariff measures which are GATT-consistent. This restriction is primarily governed by the Central Bank Charter (RA 265) and the Tariff and Customs Code (PD 1464). However, this can be supplemented by presidential issuances and by orders of the different Government agencies in charge of overseeing the importation of particular products.

Import licensing as required by the law has the following purposes: (a) to safeguard public health, safety, security and welfare; (b) to develop and rationalize domestic industry; (c) to meet the economic development needs of the country by way of ensuring an adequate supply of commodities not available locally in sufficient quantities; and (d) for balance-of-payments and trade surveillance purposes.

The Philippine licensing system is in accordance with the GATT Agreement on Import Licensing Procedures. The Government publishes the country's regulations on import licensing in official gazettes and newspapers. It considers applications and awards quotas strictly on the basis of qualifications/merits of the importer and not on an arbitrary or formula basis.

Under Phase II of the Import Liberalization Program, the Philippine Government has deregulated the importation of a number of products. The programme started with 673 products still in restriction in January 1988. These were classified into: (1) List A (104 items) - those for immediate liberalization; (2) List B (455 items) - those for review; and (3) List C (116 items) - those for continued regulation. In December 1988, 94 items from List A were liberalized while a total of 131 items from List B have been liberalized for the duration of 1989. Per its commitment to the IMF, the country is expected to liberalize another 45 items from List B by June 1991. The Philippines is further committed to replace by tariffs the quantitative restrictions on the remaining restricted items in List B before the end of 1994.

2. Anti-dumping and countervailing duties

(a) Anti-dumping

The imposition of an anti-dumping duty is governed by Section 301 of the Tariff and Customs Code.

An imported article is said to be dumped in the Philippines when (1) the article is sold in the country at a price less than the home consumption price or, in the absence of such price, its cost

of production, and (2) the article causes or threatens injury to the industry or retards the establishment of an industry producing a like article in the country. The dumping duty imposed by the Philippines shall be equal to the difference between the actual purchase price and the fair value of the article as determined by the dumping decision, which may be based on the home consumption price of said article.

(b) Countervailing duty

A countervailing duty is imposed by the importing country whenever the country of origin grants directly or indirectly any bounty, subsidy or subvention upon the production or export of an article. The imposition of duty is determined by the Secretary of Finance after investigation and report of the Tariff Commission on the article's potential to injure an established industry, prevent or considerably retard the establishment of an industry in the Philippines.

The countervailing duty is equal to the ascertained or estimated amount of such bounty, subsidy or subvention provided that (1) the injury criterion to a domestic industry shall be applied only in the case of imports from countries which adhered to the GATT Code on Subsidies and Countervailing Duties; (2) that the exemption of any article for duty or tax imposed on like articles when destined for consumption in the country of origin and/or exportation or the refunding of such duty or tax shall not be deemed to consitute a grant of a bounty, subsidy or subvention; (3) should an article be allowed drawback by the country of origin and/or exportation, only the ascertained or estimated excess of the amount of the drawback over the total amount of the duties and/or internal taxes, if any, shall constitute a bounty, subsidy or subvention; (4) that petitions for imposition of countervailing duty shall be filed with the Secretary of Finance.[3]

E. Trade agreements/arrangements with other countries

Between 1988 and 1989, there were no new bilateral agreements entered into by the Philippines. However, two Memoranda of Understanding (MOU) were signed by the Philippines, namely, the MOU on Trade and Investment Facilitation Arrangement (TIFA) with the United States, and the Philippine-Canada MOU on the Inspection of Canned Tuna and Processed Shrimps.

1. The Trade and Investment Facilitation Arrangement (TIFA)

The Memorandum of Understanding (MOU) on the TIFA was signed by Secretary Concepcion and USTR Julius Katz on 9 November 1989. TIFA provides for:

(1) The establishment of regular consultations at the sub-cabinet or cabinet level on bilateral trade and investment relations, including trade and investment opportunities and problems;

(2) A broad set of guidelines which includes:

(a) Recognition of the Philippines as a developing country and the rights accorded to, as well as the obligations undertaken by, the Philippines under the GATT;

(b) Affirmation of the importance of promoting a more open, transparent and predictable environment for international trade and investments;

(c) Recognition of the benefits from increased international trade and the negative effects of protectionism on a country's well-being;

(d) Recognition of the view that eliminating barriers to trade in goods and services facilitates economic growth and enchances international competitiveness;

(e) Recognition that increased foreign and domestic investment would be essential to economic growth and recognition that investments would be enhanced through the removal of market distortions to the maximum extent possible.

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3 The process in the filing of countervailing duties is detailed in an annex to the Philippines reply and is available at the secretariat for consultation by interested delegations.

2. Memorandum of Understanding on the inspection of canned tuna and processed shrimps

The MOU shall serve as the working draft for negotiations on the agreement on inspection procedures of canned tuna and processed shrimp between the Philippine Government/industry associations (DTI, BFAD, TCAP and SHRIMPEX) and the Department of Fisheries and Oceans of Canada. The MOU and the forthcoming trade agreement is for the purpose of improving access of the said RP products to the Canadian market. With the signing of the MOU and subsequently the trade agreement, it is hoped that there will be a reduction of inspection and monitoring activities on local processing plants of the Department of Fish and Oceans of Canada.

G. Specific actions and experiences regarding the establishment of national mechanisms

With regard to specific actions and experiences regarding the establishment of national mechanisms aimed at assessing domestic trade policies, the Philippines' reply indicated that the Government's emphasis is on implementation and not on assessment.

The Philippine Government issues laws to facilitate the flow of goods and services through price control and price stabilization measures.

So far, there is yet no known study on domestic trade policies except the Bureau of Small and Medium Business Development Study on the Submission of Requirements and Administrative Procedures for Business Registration and Availment of Incentives.[4] This study has been considered by the Retailers' Council of the Philippines. Currently, the Bureau is drawing up a plan of action based on the said study.

II. IMPLEMENTATION OF STRUCTURAL ADJUSTMENT POLICIES

A. Policies in support of ailing sectors and magnitude and types of assistance

Policies in support of ailing sectors are incorporated in the BOI Rationalization Program.[5] Rationalization covers both ailing industries and those that do not maximize their productive capacities.

The Omnibus Investment Code of 1987 (EO 226) provides for an IPP, which incorporates the rehabilitation and modernization of industrial plants.

B. Assistance aimed at restoring the international competitiveness of individual sectors, in particular through support for technological innovation

In recognition of the private sector as the engine of growth, the Government adopted a policy of privatization. To realize this, revitalization and rationalization programmes are to be implemented for the development of key industry sectors in the medium term, in consideration of trade liberalization and improved investment promotion measures. These programmes are designed to keep existing industries, to improve their productivity and to increase their competitiveness, thereby enabling them to adjust to changes in policy environment.

In maintaining and restoring the competitiveness of industries, the sectoral planning approach shall be utilized with maximum private sector participation. Specific policies and strategies that are consistent with broader industry policies shall be defined to develop existing and potential sectors.

The sectoral plan shall also identify the directions to be taken with respect to technology requirements of each sector. It shall specify the technology needed to improve industry and the means by which it shall be acquired, whether through local development, importation or a combination of both.

Aside from deregulation and privatization, the Government would implement policy measures on appropriate tariff protection, proper import valuation, communications and infrastructure

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[4] This study was attached as an annex to the Philippines' reply and is available at the secretariat for consultation by interested delegations.

[5] A copy of this document is available at the secretariat for consultation by interested delegations.

facilities, simplified and fairly automatic investment registration procedures and removal of bureacratic red tape.

Support for technological innovation would be sourced from official development assistance loans (ODA). These would be utilized to finance projects[6] that will enhance and develop the export potential of domestic industries as well as selected development projects. These projects shall be carried out by micro, cottage, small and medium-scale enterprises (MCSME's) which would be the beneficiaries of loans from government sources. Non-government organizations (NGOs) and industry associations are eyed as the conduit of government loans, which in turn can be lent to the MCSME's at favourable rates.

6 Details on major implementing programmes and projects for the period 1987-1992 were provided to the secretariat as an annex to the Philippines reply. This document is available at the secretariat for consultation by interested delegations.